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HOUSE BILL 434

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

Donald L. Whitaker

FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

AN ACT

RELATING TO TAXATION; INCLUDING HELIUM AND NON-HYDROCARBON
GASES IN THE DEFINITION OF PRODUCTS SUBJECT TO VARIOUS
SEVERANCE TAXES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-29-2 NMSA 1978 (being Laws 1959,
Chapter 52, Section 2, as amended by Laws 1999, Chapter 7,
Section 1 and also by Laws 1999, Chapter 256, Section 1) is
amended to read:

"7-29-2. DEFINITIONS.--As used in the Oil and Gas
Severance Tax Act:

A. "commission", "department", "division" or "oil
and gas accounting division" means the taxation and revenue
department, the secretary of taxation and revenue or any
employee of the department exercising authority lawfully

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1 delegated to that employee by the secretary;

2 B. "production unit" means a unit of property
3 designated by the department from which products of common
4 ownership are severed;

5 C. "severance" means the taking from the soil of
6 any product in any manner whatsoever;

7 D. "value" means the actual price received for
8 products at the production unit, except as otherwise provided
9 in the Oil and Gas Severance Tax Act;

10 E. "product" or "products" means oil, natural gas
11 or liquid hydrocarbon, individually or any combination thereof,
12 [~~or~~] carbon dioxide, helium or a non-hydrocarbon gas;

13 F. "operator" means any person:

14 (1) engaged in the severance of products from
15 a production unit; or

16 (2) owning an interest in any product at the
17 time of severance who receives a portion or all of such product
18 for his interest;

19 G. "primary recovery" means the displacement of oil
20 and of other liquid hydrocarbons removed from natural gas at or
21 near the wellhead from an oil well or pool as classified by the
22 oil conservation division of the energy, minerals and natural
23 resources department pursuant to Paragraph (11) of Subsection B
24 of Section 70-2-12 NMSA 1978 into the wellbore by means of the
25 natural pressure of the oil well or pool, including but not

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1 limited to artificial lift;

2 H. "purchaser" means a person who is the first
3 purchaser of a product after severance from a production unit,
4 except as otherwise provided in the Oil and Gas Severance Tax
5 Act;

6 I. "person" means any individual, estate, trust,
7 receiver, business trust, corporation, firm, co-partnership,
8 cooperative, joint venture, association or other group or
9 combination acting as a unit, and the plural as well as the
10 singular number;

11 J. "interest owner" means a person owning an entire
12 or fractional interest of whatsoever kind or nature in the
13 products at the time of severance from a production unit, or
14 who has a right to a monetary payment that is determined by the
15 value of such products;

16 K. "new production natural gas well" means a
17 producing crude oil or natural gas well proration unit that
18 begins its initial natural gas production on or after May 1,
19 1987 as determined by the oil conservation division of the
20 energy, minerals and natural resources department;

21 L. "qualified enhanced recovery project", prior to
22 January 1, 1994, means the use or the expanded use of carbon
23 dioxide, when approved by the oil conservation division of the
24 energy, minerals and natural resources department pursuant to
25 the Enhanced Oil Recovery Act, for the displacement of oil and

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1 of other liquid hydrocarbons removed from natural gas at or
2 near the wellhead from an oil well or pool classified by the
3 oil conservation division pursuant to Paragraph (11) of
4 Subsection B of Section 70-2-12 NMSA 1978;

5 M. "qualified enhanced recovery project", on and
6 after January 1, 1994, means the use or the expanded use of any
7 process approved by the oil conservation division of the
8 energy, minerals and natural resources department pursuant to
9 the Enhanced Oil Recovery Act for the displacement of oil and
10 of other liquid hydrocarbons removed from natural gas at or
11 near the wellhead from an oil well or pool classified by the
12 oil conservation division pursuant to Paragraph (11) of
13 Subsection B of Section 70-2-12 NMSA 1978, other than a primary
14 recovery process; the term includes but is not limited to the
15 use of a pressure maintenance process, a water flooding process
16 and immiscible, miscible, chemical, thermal or biological
17 process or any other related process;

18 N. "production restoration project" means the use
19 of any process for returning to production a natural gas or oil
20 well that had thirty days or less of production in any period
21 of twenty-four consecutive months beginning on or after January
22 1, 1993, as approved and certified by the oil conservation
23 division of the energy, minerals and natural resources
24 department pursuant to the Natural Gas and Crude Oil Production
25 Incentive Act;

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1 O. "well workover project" means any procedure
2 undertaken by the operator of a natural gas or crude oil well
3 that is intended to increase the production from the well and
4 that has been approved and certified by the oil conservation
5 division of the energy, minerals and natural resources
6 department pursuant to the Natural Gas and Crude Oil Production
7 Incentive Act;

8 P. "stripper well property" means a crude oil or
9 natural gas producing property that is assigned a single
10 production unit number by the department and is certified by
11 the oil conservation division of the energy, minerals and
12 natural resources department pursuant to the Natural Gas and
13 Crude Oil Production Incentive Act to have produced in the
14 preceding calendar year:

15 (1) if a crude oil producing property, an
16 average daily production of less than ten barrels of oil per
17 eligible well per day;

18 (2) if a natural gas producing property, an
19 average daily production of less than sixty thousand cubic feet
20 of natural gas per eligible well per day; or

21 (3) if a property with wells that produce both
22 crude oil and natural gas, an average daily production of less
23 than ten barrels of oil per eligible well per day, as
24 determined by converting the volume of natural gas produced by
25 the well to barrels of oil by using a ratio of six thousand

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1 cubic feet to one barrel of oil;

2 Q. "average annual taxable value" means as
3 applicable:

4 (1) the average of the taxable value per one
5 thousand cubic feet, determined pursuant to Section 7-31-5 NMSA
6 1978, of all natural gas produced in New Mexico for the
7 specified calendar year as determined by the department; or

8 (2) the average of the taxable value per
9 barrel, determined pursuant to Section 7-31-5 NMSA 1978, of all
10 oil produced in New Mexico for the specified calendar year as
11 determined by the department; and

12 R. "tax" means the oil and gas severance tax."

13 Section 2. Section 7-29-4 NMSA 1978 (being Laws 1980,
14 Chapter 62, Section 5, as amended) is amended to read:

15 "7-29-4. OIL AND GAS SEVERANCE TAX IMPOSED--COLLECTION--
16 INTEREST OWNER'S LIABILITY TO STATE--INDIAN LIABILITY.--

17 A. There is imposed and shall be collected by the
18 department a tax on all products that are severed and sold,
19 except as provided in Subsection B of this section. The
20 measure of the tax and the rates are:

21 (1) on natural gas severed and sold, except as
22 provided in Paragraphs (4), (6) and (7) of this subsection,
23 three and three-fourths percent of the taxable value determined
24 pursuant to Section 7-29-4.1 NMSA 1978;

25 (2) on oil and on other liquid hydrocarbons

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1 removed from natural gas at or near the wellhead, except as
2 provided in Paragraphs (3), (5), (8) and (9) of this
3 subsection, three and three-fourths percent of taxable value
4 determined pursuant to Section 7-29-4.1 NMSA 1978;

5 (3) on oil and on other liquid hydrocarbons
6 removed from natural gas at or near the wellhead produced from
7 a qualified enhanced recovery project, one and seven-eighths
8 percent of the taxable value determined pursuant to Section
9 7-29-4.1 NMSA 1978, provided that the annual average price of
10 west Texas intermediate crude oil, determined by the department
11 by averaging the posted prices in effect on the last day of
12 each month of the twelve-month period ending on May 31 prior to
13 the fiscal year in which the tax rate is to be imposed, was
14 less than twenty-eight dollars (\$28.00) per barrel;

15 (4) on the natural gas from a well workover
16 project that is certified by the oil conservation division of
17 the energy, minerals and natural resources department in its
18 approval of the well workover project, two and forty-five
19 hundredths percent of the taxable value determined pursuant to
20 Section 7-29-4.1 NMSA 1978, provided that the annual average
21 price of west Texas intermediate crude oil, determined by the
22 department by averaging the posted prices in effect on the last
23 day of each month of the twelve-month period ending on May 31
24 prior to the fiscal year in which the tax rate is to be
25 imposed, was less than twenty-four dollars (\$24.00) per barrel;

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1 (5) on the oil and on other liquid
2 hydrocarbons removed from natural gas at or near the wellhead
3 from a well workover project that is certified by the oil
4 conservation division of the energy, minerals and natural
5 resources department in its approval of the well workover
6 project, two and forty-five hundredths percent of the taxable
7 value determined pursuant to Section 7-29-4.1 NMSA 1978,
8 provided that the annual average price of west Texas
9 intermediate crude oil, determined by the department by
10 averaging the posted prices in effect on the last day of each
11 month of the twelve-month period ending on May 31 prior to the
12 fiscal year in which the tax rate is to be imposed, was less
13 than twenty-four dollars (\$24.00) per barrel;

14 (6) on the natural gas from a stripper well
15 property, one and seven-eighths percent of the taxable value
16 determined pursuant to Section 7-29-4.1 NMSA 1978, provided
17 the average annual taxable value of natural gas was equal to or
18 less than one dollar fifteen cents (\$1.15) per thousand cubic
19 feet in the calendar year preceding July 1 of the fiscal year
20 in which the tax rate is to be imposed;

21 (7) on the natural gas from a stripper well
22 property, two and thirteen-sixteenths percent of the taxable
23 value determined pursuant to Section 7-29-4.1 NMSA 1978,
24 provided that the average annual taxable value of natural gas
25 was greater than one dollar fifteen cents (\$1.15) per thousand

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1 cubic feet but not more than one dollar thirty-five cents
2 (\$1.35) per thousand cubic feet in the calendar year preceding
3 July 1 of the fiscal year in which the tax rate is to be
4 imposed;

5 (8) on the oil and on other liquid
6 hydrocarbons removed from natural gas at or near the wellhead
7 from a stripper well property, one and seven-eighths percent of
8 the taxable value determined pursuant to Section 7-29-4.1 NMSA
9 1978, provided that the average annual taxable value of oil was
10 equal to or less than fifteen dollars (\$15.00) per barrel in
11 the calendar year preceding July 1 of the fiscal year in which
12 the tax rate is to be imposed;

13 (9) on the oil and on other liquid
14 hydrocarbons removed from natural gas at or near the wellhead
15 from a stripper well property, two and thirteen-sixteenths
16 percent of the taxable value determined pursuant to Section
17 7-29-4.1 NMSA 1978, provided that the average annual taxable
18 value of oil was greater than fifteen dollars (\$15.00) per
19 barrel but not more than eighteen dollars (\$18.00) per barrel
20 in the calendar year preceding July 1 of the fiscal year in
21 which the tax rate is to be imposed; and

22 (10) on carbon dioxide, helium and non-
23 hydrocarbon gases, three and three-fourths percent of the
24 taxable value determined pursuant to Section 7-29-4.1 NMSA
25 1978.

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1 B. The tax imposed in Subsection A of this section
2 shall not be imposed on:

3 (1) natural gas severed and sold from a
4 production restoration project during the first ten years of
5 production following the restoration of production, provided
6 that the annual average price of west Texas intermediate crude
7 oil, determined by the department by averaging the posted
8 prices in effect on the last day of each month of the twelve-
9 month period ending on May 31 prior to each fiscal year in
10 which the tax exemption is to be effective, was less than
11 twenty-four dollars (\$24.00) per barrel; and

12 (2) oil and other liquid hydrocarbons removed
13 from natural gas at or near the wellhead from a production
14 restoration project during the first ten years of production
15 following the restoration of production, provided that the
16 annual average price of west Texas intermediate crude oil,
17 determined by the department by averaging the posted prices in
18 effect on the last day of each month of the twelve-month period
19 ending on May 31 prior to each fiscal year in which the tax
20 exemption is to be effective, was less than twenty-four dollars
21 (\$24.00) per barrel.

22 C. Every interest owner shall be liable for the tax
23 to the extent of his interest in such products. Any Indian
24 tribe, Indian pueblo or Indian shall be liable for the tax to
25 the extent authorized or permitted by law.

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1 D. The tax imposed by this section may be referred
2 to as the "oil and gas severance tax"."

3 Section 3. Section 7-29-4.1 NMSA 1978 (being Laws 1980,
4 Chapter 62, Section 6, as amended) is amended to read:

5 "7-29-4.1. TAXABLE VALUE--METHOD OF DETERMINING.--To
6 determine the taxable value of oil and of other liquid
7 hydrocarbons removed from natural gas at or near the wellhead,
8 of carbon dioxide, of helium, of non-hydrocarbon gases, of
9 natural gas from new production natural gas wells and of
10 natural gas severed after June 30, 1990, there shall be
11 deducted from the value of products:

12 A. royalties paid or due the United States or the
13 state of New Mexico;

14 B. royalties paid or due any Indian tribe, Indian
15 pueblo or Indian that is a ward of the United States of
16 America; and

17 C. the reasonable expense of trucking any product
18 from the production unit to the first place of market."

19 Section 4. Section 7-30-2 NMSA 1978 (being Laws 1959,
20 Chapter 53, Section 2, as amended) is amended to read:

21 "7-30-2. DEFINITIONS.--As used in the Oil and Gas
22 Conservation Tax Act:

23 A. "department" means the taxation and revenue
24 department, the secretary of taxation and revenue or any
25 employee of the department exercising authority lawfully

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1 delegated to that employee by the secretary;

2 B. "production unit" means a unit of property
3 designated by the department from which products of common
4 ownership are severed;

5 C. "severance" means the taking from the soil of
6 any product in any manner whatsoever;

7 D. "value" means the actual price received for
8 products at the production unit, except as otherwise provided
9 in the Oil and Gas Conservation Tax Act;

10 E. "product" or "products" means oil, natural gas
11 or liquid hydrocarbon, individually or any combination thereof,
12 uranium, coal, geothermal energy, [~~or~~] carbon dioxide, helium
13 or a non-hydrocarbon gas;

14 F. "operator" means any person:

15 (1) engaged in the severance of products from
16 a production unit; or

17 (2) owning an interest in any product at the
18 time of severance who receives a portion or all of such product
19 for his interest;

20 G. "purchaser" means a person who is the first
21 purchaser of a product after severance from a production unit,
22 except as otherwise provided in the Oil and Gas Conservation
23 Tax Act;

24 H. "person" means any individual, estate, trust,
25 receiver, business trust, corporation, firm, copartnership,

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1 cooperative, joint venture, association or other group or
2 combination acting as a unit, and the plural as well as the
3 singular number; ~~and~~

4 I. "interest owner" means a person owning an entire
5 or fractional interest of whatsoever kind or nature in the
6 products at the time of severance from a production unit or who
7 has a right to a monetary payment ~~[which]~~ that is determined by
8 the value of such products; and

9 J. "tax" means the oil and gas conservation tax."

10 Section 5. Section 7-30-5 NMSA 1978 (being Laws 1959,
11 Chapter 53, Section 5, as amended) is amended to read:

12 "7-30-5. TAXABLE VALUE--METHOD OF DETERMINING.--

13 A. To determine the taxable value of oil, natural
14 gas or liquid hydrocarbon, individually or any combination
15 thereof, ~~[or]~~ carbon dioxide, helium or non-hydrocarbon gases,
16 there shall be deducted from the value of products:

17 (1) royalties paid or due the United States or
18 the state of New Mexico;

19 (2) royalties paid or due any Indian tribe,
20 Indian pueblo or Indian that is a ward of the United States;
21 and

22 (3) the reasonable expense of trucking any
23 product from the production unit to the first place of market.

24 B. The taxable value of coal shall be the taxable
25 value determined under Section 7-25-3 NMSA 1978, less royalties

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1 paid or due any Indian tribe, Indian pueblo or Indian that is a
2 ward of the United States.

3 C. The taxable value of uranium shall be twenty-
4 five percent of an amount equal to the difference between:

5 (1) the taxable value determined under Section
6 7-25-3 NMSA 1978; and

7 (2) royalties paid or due any Indian tribe,
8 Indian pueblo or Indian that is a ward of the United States.

9 D. The taxable value of geothermal energy shall be
10 the value at the point of first sale, less the cost of
11 transporting it from the point of severance to the point of the
12 first sale, less the royalties paid or due the United States or
13 the state of New Mexico or any Indian tribe, Indian pueblo or
14 Indian that is a ward of the United States."

15 Section 6. Section 7-30-10 NMSA 1978 (being Laws 1959,
16 Chapter 53, Section 10, as amended) is amended to read:

17 "7-30-10. OPERATOR'S REPORT--TAX REMITTANCE--ADDITIONAL
18 INFORMATION.--Each operator shall, in the form and manner
19 required by the department, make a return to the department
20 showing the total value, volume and kind of products sold from
21 each production unit for each calendar month. All taxes due or
22 to be remitted by the operator shall accompany this return.
23 The return shall be filed on or before the twenty-fifth day of
24 the second month after the calendar month for which the return
25 is required. A uranium or a coal return shall be filed on or

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1 before the twenty-fifth day of the month following the month in
2 which the taxable event occurs pursuant to Section 7-26-6 or
3 7-26-7 NMSA 1978. Any additional report or information the
4 department may deem necessary for the proper administration of
5 the Oil and Gas Conservation Tax Act may be required."

6 Section 7. Section 7-31-2 NMSA 1978 (being Laws 1959,
7 Chapter 54, Section 2, as amended) is amended to read:

8 "7-31-2. DEFINITIONS.--As used in the Oil and Gas
9 Emergency School Tax Act:

10 A. "commission", "department" or "division" means
11 the taxation and revenue department, the secretary of taxation
12 and revenue or any employee of the department exercising
13 authority lawfully delegated to that employee by the secretary;

14 B. "production unit" means a unit of property
15 designated by the department from which products of common
16 ownership are severed;

17 C. "severance" means the taking from the soil of
18 any product in any manner whatsoever;

19 D. "value" means the actual price received from
20 products at the production unit, except as otherwise provided
21 in the Oil and Gas Emergency School Tax Act;

22 E. "product" or "products" means oil, natural gas
23 or liquid hydrocarbon, individually or any combination thereof,
24 [~~or~~] carbon dioxide, helium or a non-hydrocarbon gas;

25 F. "operator" means any person:

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1 (1) engaged in the severance of products from
2 a production unit; or

3 (2) owning an interest in any product at the
4 time of severance who receives a portion or all of such product
5 for his interest;

6 G. "purchaser" means a person who is the first
7 purchaser of a product after severance from a production unit,
8 except as otherwise provided in the Oil and Gas Emergency
9 School Tax Act;

10 H. "person" means any individual, estate, trust,
11 receiver, business trust, corporation, firm, copartnership,
12 cooperative, joint venture, association, limited liability
13 company or other group or combination acting as a unit, and the
14 plural as well as the singular number;

15 I. "interest owner" means a person owning an entire
16 or fractional interest of whatsoever kind or nature in the
17 products at the time of severance from a production unit or who
18 has a right to a monetary payment [~~which~~] that is determined by
19 the value of such products;

20 J. "stripper well property" means a crude oil or
21 natural gas producing property that is assigned a single
22 production unit number by the department and is certified by
23 the oil conservation division of the energy, minerals and
24 natural resources department pursuant to the Natural Gas and
25 Crude Oil Production Incentive Act to have produced in the

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1 preceding calendar year:

2 (1) if a crude oil producing property, an
3 average daily production of less than ten barrels of oil per
4 eligible well per day;

5 (2) if a natural gas producing property, an
6 average daily production of less than sixty thousand cubic feet
7 of natural gas per eligible well per day; or

8 (3) if a property with wells that produce both
9 crude oil and natural gas, an average daily production of less
10 than ten barrels of oil per eligible well per day, as
11 determined by converting the volume of natural gas produced by
12 the well to barrels of oil by using a ratio of six thousand
13 cubic feet to one barrel of oil; ~~and~~

14 K. "average annual taxable value" means as
15 applicable:

16 (1) the average of the taxable value per one
17 thousand cubic feet, determined pursuant to Section 7-31-5 NMSA
18 1978, of all natural gas produced in New Mexico for the
19 specified calendar year as determined by the department; or

20 (2) the average of the taxable value per
21 barrel, determined pursuant to Section 7-31-5 NMSA 1978, of all
22 oil produced in New Mexico for the specified calendar year as
23 determined by the department; and

24 L. "tax" means the oil and gas emergency school
25 tax."

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1 Section 8. Section 7-31-4 NMSA 1978 (being Laws 1959,
2 Chapter 54, Section 4, as amended) is amended to read:

3 "7-31-4. PRIVILEGE TAX LEVIED--COLLECTED BY
4 DEPARTMENT--RATE--INTEREST OWNER'S LIABILITY TO STATE--INDIAN
5 LIABILITY.--

6 A. There is levied and shall be collected by the
7 department a privilege tax on the business of every person
8 severing products in this state. The measure of the tax shall
9 be:

10 (1) on oil and on oil and other liquid
11 hydrocarbons removed from natural gas at or near the wellhead,
12 except as provided in Paragraphs (4) and (5) of this
13 subsection, three and fifteen hundredths percent of the taxable
14 value determined pursuant to Section 7-31-5 NMSA 1978;

15 (2) on carbon dioxide, helium and non-
16 hydrocarbon gases, three and fifteen hundredths percent of the
17 taxable value determined pursuant to Section 7-31-5 NMSA 1978;

18 (3) on natural gas, except as provided in
19 Paragraphs (6) and (7) of this subsection, four percent of the
20 taxable value determined pursuant to Section 7-31-5 NMSA 1978;

21 (4) on the oil and on other liquid
22 hydrocarbons removed from natural gas at or near the wellhead
23 from a stripper well property, one and fifty-eight hundredths
24 percent of the taxable value determined pursuant to Section
25 7-31-5 NMSA 1978, provided that the average annual taxable

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1 value of oil was equal to or less than fifteen dollars (\$15.00)
2 per barrel in the calendar year preceding July 1 of the fiscal
3 year in which the tax rate is to be imposed;

4 (5) on the oil and on other liquid
5 hydrocarbons removed from natural gas at or near the wellhead
6 from a stripper well property, two and thirty-six hundredths
7 percent of the taxable value determined pursuant to Section
8 7-31-5 NMSA 1978, provided that the average annual taxable
9 value of oil was greater than fifteen dollars (\$15.00) per
10 barrel but not more than eighteen dollars (\$18.00) per barrel
11 in the calendar year preceding July 1 of the fiscal year in
12 which the tax rate is to be imposed;

13 (6) on the natural gas removed from a stripper
14 well property, two percent of the taxable value determined
15 pursuant to Section 7-31-5 NMSA 1978, provided that the average
16 annual taxable value of natural gas was equal to or less than
17 one dollar fifteen cents (\$1.15) per thousand cubic feet in the
18 calendar year preceding July 1 of the fiscal year in which the
19 tax rate is to be imposed; and

20 (7) on the natural gas removed from a stripper
21 well property, three percent of the taxable value determined
22 pursuant to Section 7-31-5 NMSA 1978, provided that the average
23 annual taxable value of natural gas was greater than one dollar
24 fifteen cents (\$1.15) per thousand cubic feet but not more than
25 one dollar thirty-five cents (\$1.35) per thousand cubic feet in

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1 the calendar year preceding July 1 of the fiscal year in which
2 the tax rate is to be imposed.

3 B. Every interest owner, for the purpose of levying
4 this tax, is deemed to be in the business of severing products
5 and is liable for this tax to the extent of his interest in the
6 value of the products or to the extent of his interest as may
7 be measured by the value of the products.

8 C. Any Indian tribe, Indian pueblo or Indian is
9 liable for this tax to the extent authorized or permitted by
10 law."

11 Section 9. Section 7-32-2 NMSA 1978 (being Laws 1959,
12 Chapter 55, Section 2, as amended) is amended to read:

13 "7-32-2. DEFINITIONS.--As used in the Oil and Gas Ad
14 Valorem Production Tax Act:

15 A. "commission", "department" or "division" means
16 the taxation and revenue department, the secretary of taxation
17 and revenue or any employee of the department exercising
18 authority lawfully delegated to that employee by the secretary;

19 B. "production unit" means a unit of property
20 designated by the department from which products of common
21 ownership are severed;

22 C. "severance" means the taking from the soil any
23 product in any manner whatsoever;

24 D. "value" means the actual price received for
25 products at the production unit, except as otherwise provided

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1 in the Oil and Gas Ad Valorem Production Tax Act;

2 E. "product" or "products" means oil, natural gas
3 or liquid hydrocarbon, individually or any combination thereof,
4 [~~or~~] carbon dioxide, helium or a non-hydrocarbon gas;

5 F. "operator" means any person:

6 (1) engaged in the severance of products from
7 a production unit; or

8 (2) owning an interest in any product at the
9 time of severance who receives a portion or all of such product
10 for his interest;

11 G. "purchaser" means a person who is the first
12 purchaser of a product after severance from a production unit,
13 except as otherwise provided in the Oil and Gas Ad Valorem
14 Production Tax Act;

15 H. "person" means any individual, estate, trust,
16 receiver, business trust, corporation, firm, copartnership,
17 cooperative, joint venture, association or other group or
18 combination acting as a unit, and the plural as well as the
19 singular number;

20 I. "interest owner" means a person owning an entire
21 or fractional interest of whatsoever kind or nature in the
22 products at the time of severance from a production unit or who
23 has a right to a monetary payment [~~which~~] that is determined by
24 the value of such products; [~~and~~]

25 J. "assessed value" means the value against which

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1 tax rates are applied; and

2 K. "tax" means the oil and gas ad valorem
3 production tax."

4 Section 10. Section 7-34-2 NMSA 1978 (being Laws 1969,
5 Chapter 119, Section 2, as amended) is amended to read:

6 "7-34-2. DEFINITIONS.--As used in the Oil and Gas
7 Production Equipment Ad Valorem Tax Act:

8 A. "commission", "department" or "division" means
9 the taxation and revenue department, the secretary of taxation
10 and revenue or any employee of the department exercising
11 authority lawfully delegated to that employee by the secretary;

12 B. "person" means any individual, estate, trust,
13 receiver, business trust, corporation, firm, copartnership,
14 cooperative, joint venture, association or other group or
15 combination acting as a unit;

16 C. "operator" means any person engaged in the
17 severance of products from a production unit;

18 D. "product" means oil, natural gas or liquid
19 hydrocarbon, individually or any combination thereof, [~~or~~]
20 carbon dioxide, helium or a non-hydrocarbon gas;

21 E. "severance" means taking any product from the
22 soil in any manner;

23 F. "production unit" means a unit of property
24 designated by the department from which products of common
25 ownership are severed;

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